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SHAPING THE FUTURE ONE PROJECT AT A TIMESM

Engineer's Report

for

Landscaping and Lighting District No. 1986-1 (Villages at Willow Creek)

Fiscal Year 2014-15

For the

**City of Dublin
Alameda County, California**

May 21, 2014

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**ENGINEER'S REPORT
CITY OF DUBLIN
LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT**

The undersigned respectfully submits the enclosed report as directed by the City Council. The undersigned certifies that he is a Professional Engineer, registered in the State of California.



DATED: May 21, 2014


BY: K. Dennis Klingelhofer
Assessment Engineer
R.C.E. No. 50255

1 OVERVIEW

1.1 INTRODUCTION

The City of Dublin ("City") levies and collects special assessments on parcels within Landscaping and Lighting District No. 1986-1 ("District") in order to maintain the improvements within the Villages at Willow Creek area.

The assessments and methods of apportionment described in this Report utilize commonly accepted assessment engineering practices and have been calculated and proportionately spread to each parcel based on the special benefits received as approved by the City Council at the time the District was formed.

General Description of the District

The District was initially formed in 1986 to provide a dedicated source of funding for the ongoing maintenance of landscaping, including fencing and soundwalls, along the west side of Dougherty Road from Amador Valley Boulevard to the northerly City Limit, along Amador Valley Boulevard from Dougherty Road to Wildwood Road, along Wildwood Road and Fall Creek Road, and certain landscaped areas within the Ridgescreek single-family home development. Landscaping within the condominium and apartment developments is the responsibility of the homeowners' association or property owner for those individual developments.

A Diagram showing the exterior boundaries of the District is provided in this Report in Appendix A.

Compliance with the California Constitution

Assessments are levied annually within the District pursuant to the Landscape and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code ("1972 Act"). All assessments described in this Report and approved by the City Council are prepared in accordance with the 1972 Act and are in compliance with the provisions of the California Constitution Article XIID ("Article XIID"), which was enacted with the passage of Proposition 218 in November 1996.

In Fiscal Year 2001-02, the assessments in this District were increased by 54% with the approval of property owners in compliance with the requirements of Proposition 218. The increase in the assessment rate was required as the reserve funds had become depleted and could no longer be used to offset utility and maintenance cost increases. The property owners also approved an escalation clause for future years that allows the assessment to increase according to the annual percentage change of the Consumer Price Index and the utility cost to increase according to the actual cost of utilities.

Any future increase in the assessment rate in excess of the maximum allowable rate or substantial changes in the services provided would require the approval of the property owners subject to the assessment based upon a mailed ballot which would be sent to each property owner.

Summary of Proposed Assessment and Expenditures

A summary of the assessments to be levied for each property type is shown in the table below.

Property Type	EDU Factor	Assessment Rate	Basis
Single-Family Residential (SFR)	1.00	\$ 202.22	Parcel
Multi-Family Residential (MFR)	0.50	\$ 101.11	Unit
Commercial	4.00	\$ 808.88	Parcel
Exempt, Common Open Space, Public Land	0.00	\$ 0.00	Parcel

2 IMPROVEMENTS

The District provides for the continued maintenance and servicing of landscaping, including fencing and soundwalls within the public right-of-ways and within public easements within private streets which provide special benefit to parcels and properties within the District. The specific improvements maintained by the District include:

- a. The median and roadside landscaping along the north side of Willow Creek Drive.
- b. Roadside landscaping along Shady Creek Drive within Lots 1, 2, 3, 4, 5, 6, 15, 16, 37, 38, and south of Lot 145, all within Tract 5511.
- c. Roadside landscaping, wall, fence, and pathway improvements along the west side of Dougherty Road, between Amador Valley Boulevard and the northerly City Limit line, and along the north side of Amador Valley Boulevard, between Dougherty Road and Wildwood Road.
- d. Roadside landscaping, fence, and pathway improvements on the west side of Wildwood Road.
- e. Roadside landscaping, fence, wall, and pathway improvements on the west side of Dougherty Road and the south side of Amador Valley Boulevard, adjacent to Lot 150.
- f. Roadside landscaping, fence, and pathway improvements on the west and north sides of Fall Creek Road.
- g. Roadside landscaping and emergency access surfacing at the north end of Crossridge Road within the street right-of-way.

Pursuant to the 1972 Act:

"Maintain" or "maintenance" means the furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of any improvement, including repair, removal, or replacement of all or any part of any improvement.

"Service" or "servicing" means the furnishing of electric current or energy, gas, or other illuminating agent for any public lighting facilities or for the lighting or operation of any other improvements.

Drawings showing the specific locations of the improvements are or file in the City's Engineering Department are area made a part of this report by reference.



3 BUDGET

All public streetlights and other eligible improvements within the District are maintained and serviced on a regular basis. The proposed budget for District is shown on the following page. This includes an estimate of the costs of utilities, operations, services, administration and maintenance associated with the improvements, including all labor, personnel, equipment, materials and administrative expenses. The summary also shows the estimated fund balance, and the projected contribution/ (transfer) based upon the estimated expenditures and assessment revenue. Projected budgets are also shown for the next 2 fiscal years. For Fiscal Year 14-15, the budget assumes a 15% increase for water, and 4% increase for electricity rates

The following describes the services and costs shown in the budget.

DIRECT COSTS:

Maintenance Tree – The cost of installation and maintenance of trees and plantings along the roadside frontages and pathways within the District

Maintenance Landscape – The cost of maintenance and repair of the landscaping and open space areas within the District.

Utilities Water – The cost of furnishing water for maintenance of landscape and irrigation systems within the District.

Utilities Electricity – The cost of electricity for maintenance of landscape and powering of irrigation systems within the District.

Miscellaneous Expenses – Costs that cannot easily be categorized into any of the other Direct Costs defined above.

ADMINISTRATIVE COSTS:

District Administration, Consulting – The costs of contracting with professionals to provide services specific to the levy administration, including preparation of the Engineer's Report, resolutions, and levy submittal to the County. These fees can also include any additional administrative, legal, or engineering services specific to the District such as the cost to prepare and mail notices of the public meeting and hearing.

Public Works Administration – The cost of services provided to administer the District from the Public Works department of the City of Dublin.

County per Parcel Fee – The cost to the District for the County to collect assessments on the property tax bills.

City of Dublin Landscape and Lighting District 1986-1					
	Approved Budget FY 2013-14	Estimated Expenses FY 2013-14	Proposed Budget FY 2014-15	Forecast Budget FY 2015-16	Forecast Budget FY 2016-17
DIRECT COSTS					
Maintenance - Tree	\$ 14,900	\$ 14,900	\$ 14,900	\$ 14,900	\$ 14,900
Maintenance - landscape	\$ 53,860	\$ 53,860	\$ 56,553	\$ 59,381	\$ 62,350
Utilities - Water	\$ 54,920	\$ 54,920	\$ 63,158	\$ 72,632	\$ 83,526
Utilities - Electricity	\$ 1,820	\$ 1,820	\$ 1,893	\$ 1,969	\$ 2,047
Miscellaneous Expenses	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150
TOTAL DIRECT	\$ 125,650	\$ 125,650	\$ 136,654	\$ 149,031	\$ 162,973
ADMINISTRATION COSTS					
District Administration	\$ 2,400	\$ 2,400	\$ 2,640	\$ 2,772	\$ 2,911
Public Works Administration	\$ 917	\$ 917	\$ 963	\$ 1,011	\$ 1,062
County per Parcel Fee	\$ 2,140	\$ 2,140	\$ 2,140	\$ 2,140	\$ 2,140
TOTAL ADMINISTRATION	\$ 5,457	\$ 5,457	\$ 5,743	\$ 5,923	\$ 6,112
COLLECTIONS/(CREDITS) APPLIED TO LEVY					
TOTAL DIRECT AND ADMIN COSTS	\$ 131,107	\$ 131,107	\$ 142,397	\$ 154,954	\$ 169,086
Reserve Collection/(Transfer)	\$ (10,205)	\$ (10,205)	\$ (11,175)	\$ (13,852)	\$ (17,361)
Capital Improvement Fund Collection/(Transfer)	\$ -				
General Fund Loan Repayment/(Advance)	\$ -				
Delinquency Contingency	\$ 525	525	525	525	525
Other Revenues/(General Fund Contributions)	\$ -				
TOTAL ADJUSTMENTS	\$ (9,680)	\$ (9,680)	\$ (10,650)	\$ (13,327)	\$ (16,836)
Balance to Levy (Budgeted)	\$ 121,427	\$ 121,427	\$ 131,746	\$ 141,627	\$ 152,249
Total Revenue at Maximum Rate	\$ 128,061	\$ 128,061	\$ 138,074	\$ 150,385	\$ 164,366
Variance above/(below) Maximum Revenue	\$ (6,635)	\$ (6,635)	\$ (6,328)	\$ (8,758)	\$ (12,117)
DISTRICTS STATISTICS					
Total Parcels	1,021	1,021	1,021	1,021	1,021
Total Parcels Levied	948	948	948	948	948
Total Equivalent Benefit Units	651.5	651.5	651.5	651.5	651.5
Proposed Levy per EDU	\$ 186.38	\$ 186.38	\$ 202.22	\$ 217.39	\$ 233.69
Max Levy per EDU	\$ 196.56	\$ 196.56	\$ 211.93	\$ 230.83	\$ 252.29
Applied Levy	\$ 186.38	\$ 186.38	\$ 202.22	\$ 217.39	\$ 233.69
Fund Balance Information					
Est. Beginning Reserve Fund Balance	\$ 67,575	\$ 76,514	\$ 68,676	\$ 59,751	\$ 48,016
Reserve Fund Adjustments	\$ (10,205)	\$ (10,205)	\$ (11,175)	\$ (13,852)	\$ (17,361)
Prior/Penalties/Public Damage	\$ 1,220	1,220	1,220	1,220	1,220
Interest	\$ 1,014	\$ 1,148	\$ 1,030	\$ 896	\$ 720
Projected Reserve Balance end of year	\$ 59,603	\$ 68,676	\$ 59,751	\$ 48,016	\$ 32,595

LEVY BREAKDOWN:

Reserve Collection/(Transfer) – The 1972 Act pursuant to *Chapter 1, Article 4 Section 22569 (a)*, provides for a District Reserve Fund for operations. Negative amounts shown for this budget item represent transfers from the Reserve Fund that reduces the Balance to Levy. Maintaining a fully funded Reserve eliminates the need for the City to transfer funds from non-District accounts to pay for operational expenses during the first half of the Fiscal Year and also provides the District with sufficient funds to address any unforeseen or unusual expenditures that may occur during the year.

Capital Improvement Fund Collection/(Transfer) – The 1972 Act pursuant to *Chapter 5, beginning with Section 22660*, provides for the District to establish by resolution an assessment installment plan for proposed improvements and expenditures that are greater than can be conveniently raised from a single annual assessment. Depending on the nature of the planned improvements, the collection of funds necessary to complete the project may be collected over a period up to thirty years, but typically not more than five years. The funds collected shall be accumulated in a separate improvement fund commonly referred to as a Capital Improvement Fund (CIF) and are not considered part of the regular maintenance of the improvements or the Reserve Fund.

Because the money accumulated in the Capital Improvement Fund is for a specific planned project (budgeted separately), the amount shown for this item in the annual budget will typically be a positive number representing the amount being collected that year as part of the Balance to Levy. A negative number (Transfer) should only occur after the project has been completed and excess funds are being credited back to the District's regular accounts. The actual fund balances and expenditures for Capital Improvements are clearly identified under the Fund Balance Information section of the Budget.

General Fund Loans Repayment/(Advances) – This item represents repayments of amounts that had been temporarily advanced to the District from other revenue sources (usually the General Fund) or represents funds being loaned to the District for the current Fiscal Year that must be repaid by future assessments. Similar to the Reserve Collection/(Transfer) line item, this item directly impacts the Reserve Fund Balances either positively or negatively.

Repayments are shown as a positive number and represent additional monies being collected in the current annual assessment to repay a prior loan. These loans are typically for capital improvement expenditures or unforeseen expenditures incurred in prior years and Reserve Fund monies were not sufficient to cover the expenses. To ensure the ongoing operation and maintenance of the improvements, the City may advance funds to the District as a temporary loan to meet current expenditures, and collect repayment of the loan through the annual assessments the following year or possibly over several years. Generally, all available Reserve Funds are exhausted before a temporary loan is advanced to the District and the Beginning Reserve Fund Balance will be a negative number indicating the loan amount still outstanding. A loan for the current Fiscal Year (Advance) is shown as a negative number. If the District is expected to incur significant expenditures in the current Fiscal Year for special services or capital improvements (upgrades or refurbishing of the improvements) and the proposed assessment revenues (annual assessments) and/or available Reserve Funds are not sufficient to cover the expenditures, the City may advance funds to the District as a temporary loan to meet the

proposed expenditures. Generally, all available Reserve Funds must be exhausted before a temporary loan is advanced to the District and any funds temporarily loaned in excess of the available Reserve Funds will be reflected as a negative Ending Reserve Fund Balance. This negative Reserve Fund Balance will be repaid and replenished through future assessment revenues.

Delinquency Contingency – This is the estimated amount designated for delinquent property tax payments that the County is unable to collect in Fiscal Year 2014-15.

Other Revenue/General Fund (Contributions) – This item includes additional funds designated for the District that are not annual assessments. These funds are added to the District account to reduce assessments, and may be from non-District or District sources including City General Fund Contributions and/or interest earnings. Any funds indicated on this line will be shown as a negative number indicating a reduction in the amount to be levied and represent funds that do not have to be repaid.

Balance to Levy – This is the total amount to be collected for the current Fiscal Year through the annual assessments (for special benefits). The Balance to Levy represents the sum of Total Direct and Administration Costs, Reserve Fund Contributions or Transfers, Contributions from Other Revenue Source, and the Contribution Replenishment. Only those costs related to the improvements identified as special benefits are levied and collected on the tax roll.

Total Parcels Levied – The total number of parcels within the District that will receive the special benefits during the current Fiscal Year.

Total EDUs – The total Equivalent Dwelling Units within the District applied to the parcels described above.

Levy per EDU – This amount represents the rate being applied to each parcel's individual EDU factor. The Levy per EDU is the result of dividing the "Special Assessment to Levy" by the Total EDUs of the District for the fiscal year.

Maximum Levy per EDU – This is the rate per EDU approved by property owners within the District, in accordance with Proposition 218, adjusted for inflation as described in the Method of Apportionment.

3.1 ALLOWABLE MAXIMUM ASSESSEMENT RATE

It is recognized that the cost of maintaining the District improvements increases slightly every year as a result of inflation. At the time the District was formed, the property owners approved a formula for increasing assessments for each future fiscal year to offset increases in costs due to inflation.

The maximum assessment amount allowed for each fiscal year shall be increased in an amount equal to the annual percentage increase of the local San Francisco-Oakland-San Jose Area Consumer Price Index ("Index") for "All Urban Wage Earners and Clerical Workers", plus any actual increase in the cost of utilities (water and electricity). Each fiscal year the City shall identify the annual percentage difference in the Index between April of the current fiscal year and that of the previous April. Should the Bureau of

Labor Statistics revise such index or discontinue the preparation of such index, the City shall use the revised index or comparable system as approved by the City Council for determining fluctuations in the cost of living. The table below shows the calculations for the adjustment to the Maximum Allowable Assessment for Fiscal Year 2014-15.

Item	Proposed Budget FY 2014-15	Forecast Budget FY 2015-16	Forecast Budget FY 2016-17
CPI April Prior Year	244.675	N/A	N/A
CPI April Current Year	247.932	N/A	N/A
% Increase/(Decrease)	1.331%	2.000%	2.000%
Prior Year Maximum Levy per EDU	\$ 196.56	\$ 211.93	\$ 230.83
Current Year Maximum Levy per EDU- CPI only	\$ 199.18	\$ 216.17	\$ 235.45
Combined Utility Costs Current Year	\$ 65,051	\$ 74,600	\$ 85,574
Combined Utility Costs Prior Year	\$ 56,740	\$ 65,051	\$ 74,600
% Change in Combined Utility Costs	14.65%	14.68%	14.71%
Change in Combined Utilities	\$ 8,311	\$ 9,549	\$ 10,973
Amount per EDU for Utilities	\$ 12.76	\$ 14.66	\$ 16.84
Maximum Levy per EDU current year	\$ 211.93	\$ 230.83	\$ 252.29

In the event that the City Council determines that an inflation adjustment is not required for a given fiscal year, the City Council may authorize the assessment without applying the adjustment formula to the amount levied. If the budget and assessments for a district require an increase greater than the adjustment set forth in the formula, then the proposed increase would be subject to approval by the District property owners. Each fiscal year, the maximum assessment rate shall increase at the maximum amount allowable regardless of whether the increase is levied to the parcels within the District.

4 METHOD OF APPORTIONMENT

4.1 GENERAL

The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements which include the construction, maintenance and servicing of public lights, landscaping and appurtenant facilities. The 1972 Act further requires that the cost of these improvements be levied according to benefit rather than assessed value:

"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."

The formula used for calculating assessments in the District therefore reflects the composition of the parcels, and the improvements and services provided, to fairly apportion the costs based on estimated benefit to each parcel. In addition, pursuant to Article XIID Section 4:

"No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable and an agency shall separate the general benefits from the special benefits conferred on a parcel."

4.2 BENEFIT ANALYSIS

Each of the improvements have been carefully reviewed by the City and the corresponding assessments have been proportionately spread to each parcel based on special benefits received from the improvements as determined at the time the District was established.

General Benefits — In reviewing each of the District improvements, the proximity of those improvements to both properties within the District and those outside the District as well as the reasons for installing and constructing such improvements, it is evident that the improvements are solely the result of developing properties within the District and the ongoing maintenance and operation of these improvements will directly affect the properties within the District. Although the improvements include public areas, easements, right-of-ways and other amenities available or visible to the public at large, the construction and installation of these improvements were only necessary for the development of properties within the District and were not required nor necessarily desired by any properties or developments outside the District boundary and any public access or use of the improvements by others is incidental. Therefore, it has been determined that the improvements and the ongoing maintenance, servicing and operation of those improvements provide no measurable general benefit to properties outside the District or to the public at large, but clearly provide distinct and special benefits to properties within the District.

Special Benefits — The method of apportionment (method of assessment) established herein is based on the premise that each assessed parcel within the District receives special benefits from the improvements and the desirability of those properties enhanced by the presence of well-maintained

landscaping in close proximity to those properties.

The special benefits associated with landscape improvements are specifically:

- 1) Enhanced desirability of properties through association with the improvements.
- 2) Improved aesthetic appeal of properties providing a positive representation of the area and properties.
- 3) Enhanced adaptation of the urban environment within the natural environment from adequate green space and landscaping.
- 4) Environmental enhancement through improved erosion resistance, dust and debris control, and fire prevention.
- 5) Increased sense of pride in ownership of property within the District resulting from well-maintained improvements associated with the properties.
- 6) Enhanced quality of life through well-maintained green space and landscaped areas.
- 7) Reduced criminal activity and property-related crimes (especially vandalism) against properties in the District through well-maintained surroundings and amenities including abatement of graffiti.
- 8) Enhanced environmental quality of the parcels by moderating temperatures, providing oxygenation and attenuating noise.

The preceding special benefits contribute to the aesthetic value and desirability of each of the assessed parcels within the District and thereby provide a special enhancement of the properties. Furthermore, it has been determined that the lack of funding to properly service and maintain the District improvements would have a negative impact on the properties within the District.

Non-Assessable Properties — Within the boundaries of the District, there are several types of properties that are considered to receive no special benefit from the District improvements and are therefore not assessed. These parcels include:

- 1) Publicly owned parcels that are reserved as Public Open Space or are developed as City Parks for active recreation and are maintained and serviced by the District;
- 2) Publicly owned wetland parcels;
- 3) Certain Public Utility parcels;
- 4) Privately owned open space parcels; and
- 5) Privately owned "sliver" parcels that have resulted from a lot line adjustment with an adjacent larger parcel.

4.3 ASSESSMENT METHODOLOGY

The special benefits received by each parcel within the District and each parcel's proportional annual assessment are calculated on the basis of a formula known as Equivalent Dwelling Units. The Equivalent Dwelling Unit (EDU) method of apportionment establishes a proportional benefit relationship between the various parcels within the District and the improvements maintained by the District. The typical single family residential parcel is assigned 1.0 Equivalent Dwelling Unit (EDU).

EDU's are assigned to the other land uses based upon the property's development status, type of development (County of Alameda land use code) and property size as shown in the table below.

Property Type	EDU Factor	Basis
Single-Family Residential (SFR)	1.00	Parcel
Multi-Family Residential (MFR)	0.50	Unit
Commercial	4.00	Parcel
Exempt, Common Open Space, Public Land	0.00	Parcel

Single-Family Residential (SFR) — (County land use 1x) This land use identifies properties that are developed for single-family residential use and are assigned a factor of 1.00 EDU per parcel. This is the base value that all other land use types are compared and weighted against (i.e. Equivalent Dwelling Unit EDU).

Multi-Family Residential — This land use identifies properties that are developed for multi-family use and are assigned a factor of 0.50 EDU per unit.

Commercial — This land use identifies properties that are classified for commercial use and are assigned a factor of 4.00 EDU per parcel/lot.

Common Open Space, Cemeteries & Other Exempt Property — This land use identifies properties that are exempt from assessment and are assigned 0.00 EDU.

The following formulas are used to calculate each property's assessment:

$$\text{Total Balance to Levy} / \text{Total EDUs} = \text{Levy per EDU (Rate)}$$

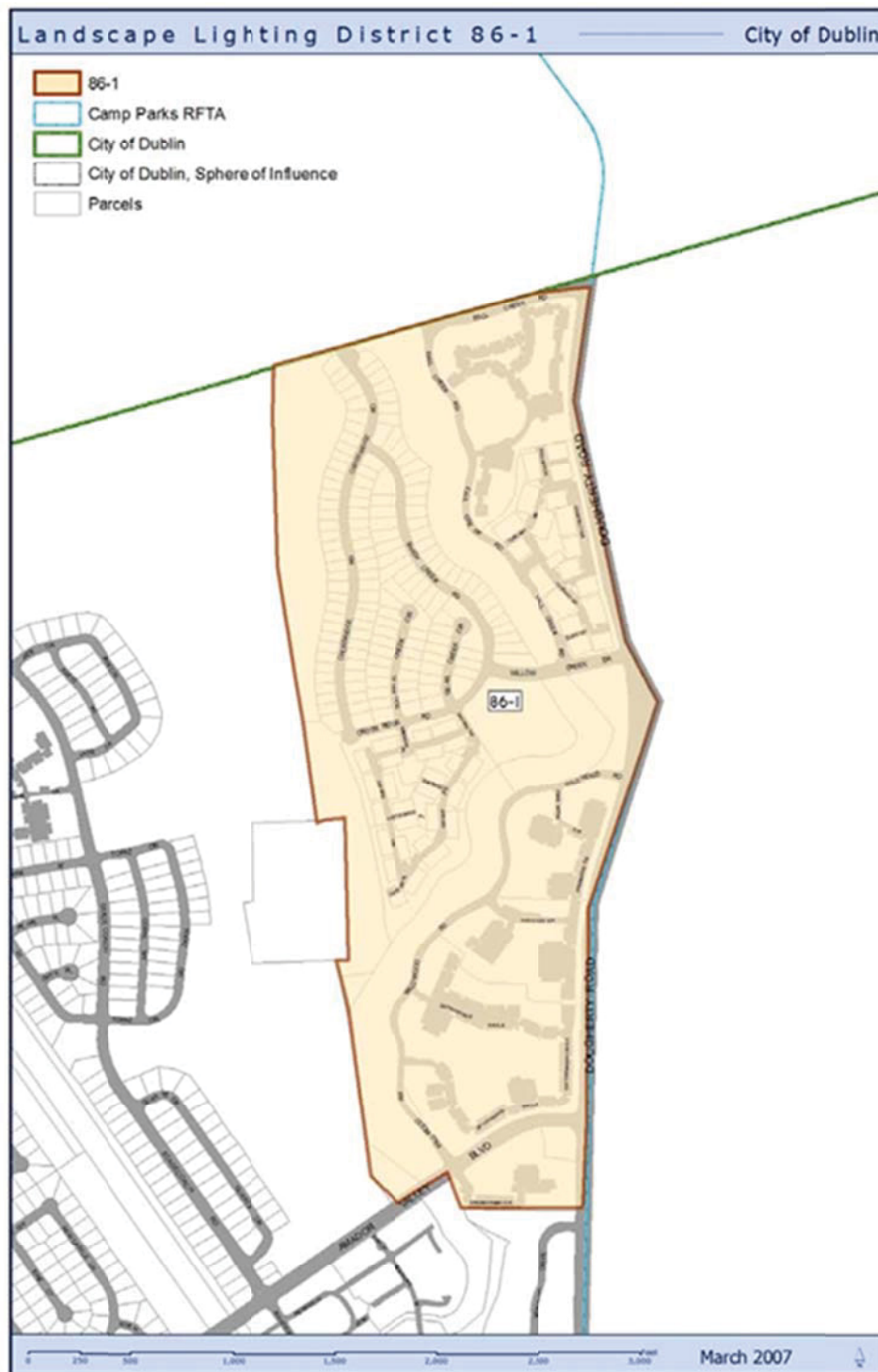
$$\text{Parcel EDU} \times \text{Levy per EDU} = \text{Parcel Levy Amount}$$

5 ASSESSMENT ROLL

The proposed assessment and the amount of the assessment apportioned to each lot or parcel, as shown on the latest roll at the Assessor's Office, are shown in Appendix B. The description of each lot or parcel is part of the records of the Assessor of the County of Alameda and those records are, by reference, made part of this report. The assessments shown will be submitted to the County Auditor/Controller, and included on the property tax roll for each parcel shown in the assessment roll for fiscal year 2014-15.

Parcel identification, the lines and dimensions of each lot, parcel and subdivision of land within the District, are inclusive of the parcels as shown on the Alameda County Assessor's Parcel Maps as they existed at the time of the passage of the Resolution of Intention, and shall include subsequent subdivisions, lot line adjustments or parcel changes therein. Reference is hereby made to the Alameda County Assessor's maps for a detailed description of the lines and dimensions of each lot and parcel of land within the District.

APPENDIX A – ASSESSMENT DIAGRAM



APPENDIX B – ASSESSMENT ROLL

